



# SPORTS STYLE FASHION

AUGUST\_0802 | SHUTTERSTOCK.COM

by **SANJAY BAKSHI**

*From a humble beginning to being one of the world's largest sportswear brands, Adidas has carved out its own legacy.*

**I**n its initial days, Adidas used to make lightweight boots. Today the fact that the brand is the manufacturer of high quality sportswear that dominates the athletic world in general and football world in particular, makes its past even more fascinating. It is probably the only sportswear brand that not only focuses on athletic performance but also combines sports, style and fashion.

## **OVERVIEW**

The brand Adidas is owned by Adidas AG – the largest sportswear manufacturer in Europe and second worldwide. Adidas AG is a multinational corporation, founded and headquartered in Herzogenaurach, Germany, which designs and manufactures footwear, apparel and accessories. The Group owning Reebok (currently undergoing sell-out proceeding), Taylormade and Runtastic as well as a



share of the German football club Bayern Munich, employs over 60,000 people, 55 per cent being females with equal share of employees working in its retail business. Adidas uses a three-stripe logo on its product designs as a marketing aid and competes globally with Nike, Puma and Under Armour in the sportswear category.

Adidas is the second largest sportswear brand in the world, by revenue. It ended FY20 with aggregate revenue of close

TABLE 1

Group Performance (in € million)	FY20	FY19	Growth (FY19-20)	FY18	FY17	FY16
Net sales	19,844	23,640	(16%)	21,915	21,218	18,483
Gross Profit %	49.6%	52.0%	(20%)	51.8%	50.4%	49.2%
EBITDA	2,079	3,845	(46%)	2,882	2,511	1,953
Operating profit	751	2,660	(72%)	2,368	2,070	1,582

SOURCE: Adidas; FY: January-December

TABLE 2

Net sales* (In € million)	Jan-Sep FY21*	Jan-Sep FY20*	Growth	FY20	FY19	Growth	Adidas share in sale FY20	Adidas share in sale FY19
Europe	-	-	-	5,320	6,071	-12%	92.6%	92.2%
Russia/CIS	-	-	-	584	658	-11%	76.7%	74.5%
Emerging Markets	-	-	-	998	1,302	-23%	89.4%	88.0%
EMEA	5,928	4,749	25%	-	-	-	-	-
North America	3,802	3,201	19%	4,762	5,313	-10%	91.7%	90.9%
Asia-Pacific	1,640	1,496	10%	6,546	8,032	-18%	96.2%	96.3%
Greater China	3,560	3,055	17%	-	-	-	-	-
Latin America	1,050	670	57%	1,158	1,660	-30%	89.2%	89.8%
Other Businesses	118	123	-4%	476	605	-21%	-	-
<b>Total</b>	<b>16,098</b>	<b>13,294</b>	<b>21%</b>	<b>19,844</b>	<b>23,640</b>	<b>-16%</b>	<b>90.5%</b>	<b>90.1%</b>

**SOURCE:** Adidas; Figures are inclusive of Reebok sales; \*restructured markets w.e.f. January 1, 2021

to €20 billion despite COVID-19 hitting sports world hard. Though the achieved sale fell 16 per cent short of previous fiscal's sale, its standing at world stage still remains unchanged. Between 2016 and 2020, Adidas' revenue has grown at a CAGR of 1.8 per cent. At the same time its operating profit in 2020 halved to its 2016 profit after peaking at €2.6 billion in pre-COVID 2019. As far as 2021 results are concerned, the group has grown 21 per cent over 2020 during January-September period, as this feature goes in print.

**KEY MARKETS**

Till more recently, Adidas operated with ten segments: Europe, North America Adidas, North America Reebok, Asia-Pacific, Russia/CIS, Latin America, Emerging Markets, Adidas Golf, Runtastic and Other centrally managed businesses. While the operating segments Europe, Asia-Pacific, Russia/CIS, Latin America, and Emerging Markets were reported separately, North America Adidas and North America Reebok were combined and reported as unified segment of North America. Each reportable segment comprises all wholesale, retail and e-commerce business activities relating to the distribution and sale of products of the Adidas and Reebok brands to retail customers and end-consumers. The remaining operating segments were aggregated under Other Businesses due to their relatively lesser significance.

At the beginning of 2021, Adidas launched a new strategy 'Own the Game' for the period up till 2025. As part of this strategy, the group now focuses its growth efforts on the three strategic markets – Greater China, North America and EMEA.



ADIDAS | ADIDAS ORIGINALS BERLIN FLAGSHIP

Situated on the bustling Münzstraße in the heart of Berlin, the Adidas Originals flagship store is the go-to-destination for all sneaker and lifestyle fans.

The strategy for these markets is to bring exciting consumer experiences to life by pursuing a tailored approach that appeals to local trends. In order to execute this strategy, Adidas changed its organisational structure w.e.f. January 1, 2021 resulting in separate management of Greater China as a market. The remaining Asia-Pacific market now comprises Japan, South Korea, Southeast Asia and the Pacific region. In order to better leverage economies of scale, the company has integrated the former markets of Europe, Russia/CIS and Emerging Markets into newly formed EMEA (Europe, Middle East and Africa) market. The markets North America and Latin America remain unchanged though.

**BRAND MARKETING**

Adidas has turned around its fortune in early 90s by switching from sales to marketing company. Since then it has

focused on marketing the brand and promoting its values to gain market share. As a strategy, Adidas promotes individualism and authenticity in style inspired by the belief that sports is a lifestyle and not just a hobby. The iconic brand's slogan "Impossible is Nothing" has gained success by collaborating with famous figures in fashion, music and sports. It creates inspirational and innovative concepts to drive consumer advocacy and build brand equity. The company historically spends almost half of its marketing investment on partners, and the rest on brand marketing activities such as digital, advertising, point-of-sale and grassroots activations, though it plans to reduce the ratio of marketing spend and the number of partnerships in the coming times. Adidas brand campaigns, the core of its communication strategy, demonstrate the brand belief conveying to consumers

## TIMELINE

- **1924:** Adi Dassler of small town in Bavaria, Germany, registers the 'Gebrüder Dassler Schuhfabrik' and embarks on his mission to provide athletes with the best possible equipment
- **1949:** On August 18, Adi Dassler starts over again at the age of 49, registers the 'Adi Dassler adidas Sportschuhfabrik' and sets to work with 47 employees in the small town of Herzogenaurach. In the same year, he registers a shoe that included the registration of the soon-to-become-famous Adidas 3-Stripes
- **1954:** Adidas becomes household name globally with Germany winning football world cup
- **1958:** Two British men by the names of Joe and Jeff Foster give their grandfather's company 'J.W. Foster and Sons' (founded in 1895) a new name: Reebok
- **1967:** When the Franz Beckenbauer tracksuit model celebrates its debut, it becomes the first piece of apparel for Adidas and opens a whole new business to a company that, so far, is famous for shoes
- **1970:** Adidas and FIFA begin wonderful partnership when the former delivers the official ball, TELSTAR with improved visibility on B&W TV, for the 1970 FIFA World Cup; Adidas would now provide the official match ball for every FIFA World Cup that would follow
- **1972:** The world turns to Germany when the Olympic Games open in Munich; Just in time for the event, Adidas presents a new logo that would stay: the Trefoil; Adidas becomes a true multi-sports specialist
- **1978:** Adi Dassler dies succeeded by his wife Käthe supported by her son Horst
- **1979:** Fitness trend booms in 1980s and women around the world work out in the Reebok Freestyle while fitness professional Gin Miller becomes the face of Step Reebok; Reebok's The Pump innovation hits the markets making Reebok a household name
- **1984:** Adidas puts the computer-based athlete performance measuring system in its Micropacer shoe – an innovation ahead of its time: Käthe passes away
- **1986:** US-based hip hop group Run-D.M.C. releases 'My Adidas' which not only becomes a hit but

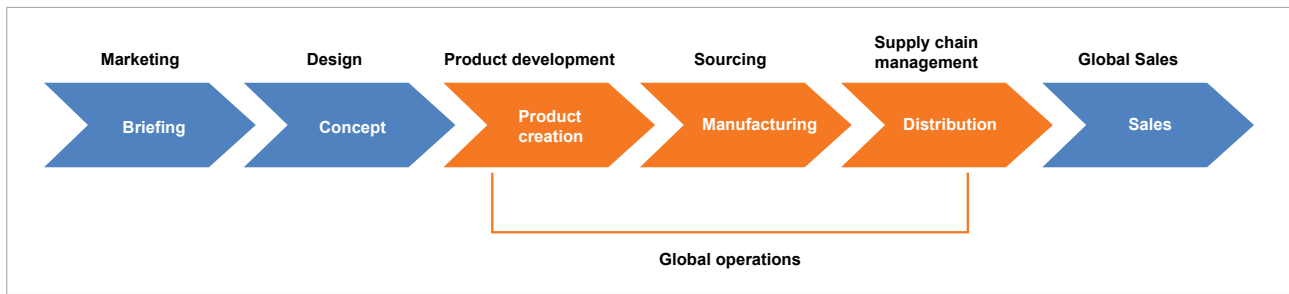


ADIDAS | ARENA

also sets the everlasting street fashion trend off while marking the birth of non-athletic promotions in the sporting goods industry

- **1987:** Horst Dassler dies suddenly
- **1989:** Adidas becomes a stock corporation after the sudden death of Horst Dassler
- **1990:** Adi Dassler's daughters sell their shares
- **1992:** The change in leadership and questionable strategic decisions cause a record loss and brings the company close to bankruptcy; Reebok introduces its Vector logo
- **1993:** Robert Louis-Dreyfus, the new CEO with his partner Christian Tourres turns Adidas from a 'sales' to a 'marketing'-driven company and steers it back on the growth path
- **1989-94:** Some of the most famous Adidas innovations, such as Torsion (1989), the Equipment concept (1991), the Streetball campaign (1992), and the Predator football boot (1994), are born refocusing on 'making athletes better'
- **1995:** Adidas goes public and adopts new marketing slogan "We knew then, we know now"
- **1997:** With acquisition of the Salomon Group and its brands Salomon, TaylorMade, Mavic, and Bonfire, the company changes its name to Adidas-Salomon AG
- **2001:** Herbert Hainer becomes the new CEO, and with him, the company's focus goes even more to innovation: ClimaCool (2002), adizero (2004) and the F50 football boot launched just in time for the 2006 FIFA World Cup in Germany, become market hits
- **2000s:** In addition to its sport performance offering, Adidas becomes the first in the industry to introduce a new lifestyle segment, focusing on sports-inspired streetwear; In the years to come, new partnerships with Yohji Yamamoto (2001) and Stella McCartney (2004) would be born along with exciting labels such as Y-3 (2003) and Porsche Design Sport (2007)
- **2004:** New slogan "Impossible is Nothing" is introduced
- **2005:** Adidas and Salomon separate their ways when latter and its brands (excluding TaylorMade) are sold to Amer Sports
- **2006:** Adidas acquires Reebok, including the brands Rockport and Reebok-CCM Hockey, bringing together the world's two most respected and best-known sporting goods companies; In June, the company is re-named as Adidas AG
- **2011:** Adidas acquires the outdoor specialist Five Ten; The Adidas brand offers apparel and footwear for every sport, every fashion, and every style, whether it is an athlete or fashionista; Reebok signs a long-term partnership with CrossFit - a core strength and conditioning programme; Two years later, the studio categories Yoga, Dance, and Aerobics follow
- **2013:** Adidas introduces the Energy Boost running shoe - created in cooperation with the German chemical company BASF, which features a completely new cushioning material
- **2015:** The divestiture of the Rockport brand reduces company's complexity and helps it focus on Adidas and Reebok brands; the next 5-year strategic business plan for the company 'Creating the New' is presented focusing on 3 strategic choices –
- **Speed:** To become the first true 'fast' sports company – fast in satisfying consumer needs as well as internal decision-making
- **Cities:** 6 key cities New York, Los Angeles, Shanghai, Tokyo, London, and Paris are identified to grow share of mind, market and trend
- **Open source:** To be the first sports company that invites athletes, consumers and partners to be part of the brands
- **2016:** Kasper Rorsted succeeds Herbert Hainer as the CEO in October
- **2017:** With the divestiture of its hockey brand CCM and its golf brands TaylorMade, Adams Golf and Ashworth, the company further contributes to its strategy 'Creating the New' and focuses on its core competencies in footwear and apparel and its major brands - Adidas and Reebok
- **2019:** Adidas opens its new Headquarters building 'Arena' in Herzogenaurach, Germany locating all its 5,400 Herzo-based employees on one campus; Reebok brings its performance and lifestyle segments back under one brand logo and wordmark: the Vector and the 'Drop-R'
- **2021:** Adidas' next five-year strategic cycle 'Own the Game' putting the consumer clearly at the center of everything, is released; a formal process aimed at divesting Reebok begins in February

FIGURE 1 GLOBAL OPERATIONS IN GO-TO-MARKET PROCESS



what the brand stands for by establishing emotional connect through brand narrative. Adidas uses sport moments as platforms to validate the brand and drive sports credibility by enabling athletes and event activations. It leverages its famed and celebrity partners to drive brand heat and freshness in lifestyle through special product executions.

Additionally, the product campaigns are created to focus on a specific product franchise or technology platform, driven by a clear performance or style benefit which is expressed through storytelling around the products' USP. The commercial content drives conversion at the point-of-sale be it in-store or online by highlighting product feature or benefit for key items.

Adidas uses events with global reach such as FIFA Women's World Cup, Rugby World cup, UEFA Champions League and the Boston and Berlin Marathons to showcase its products at world stages. It also owns or sponsors high profile teams and sporting stars from football, basketball, baseball and tennis sports to establish its dominance in the sporting world.

TABLE 3 MANUFACTURING

Manufacturing partners summary	Total	Footwear	Apparel	Accessories & Gear
Number of independent manufacturing partners	132	25	70	37
Average years as independent manufacturing partner	13.6	15.3	12.6	14.2
Relationship < 10 years	39%	48%	37%	35%
Relationship 10 – 20 years	31%	20%	33%	38%
Relationship > 20 years	30%	32%	30%	27%

SOURCE: Company report

### GLOBAL OPERATIONS

Adidas 'Global Operations' is the function that manages the development, production planning, sourcing and distribution of the company's products by establishing state-of-the-art infrastructure, processes, and systems. It works to achieve increased efficiency throughout its supply chain, ensuring highest standards in Adidas product quality, availability and delivery. This allows Adidas to deliver competitively priced products in a sustainable manner wherever and whenever they are wanted. Additionally, the function delivers the best services through flexible and agile distribution capabilities and ensures

product availability through omni-channel approach.

Since Global Operations strives to develop, produce, source, and distribute ordered articles, a non-financial KPI 'On-Time In-Full' (OTIF) measures on-time and in-full delivery of Adidas products toward the desired customer date for the brand's wholesale and franchise customers as well as own retail stores. Through own and partnership best-in-class execution, Global Operations also ensures that the health and safety of both employees and consumers are maintained equally.

Another reason to Adidas' competitive pricing is the cost-control realised by outsourcing almost 100 per cent of its production to independent manufacturing partners by providing them with detailed specifications for production and delivery. These partners also possess excellent expertise in cost-efficient, high volume production of footwear, apparel, and accessories & gear. By the end of FY20, Adidas was working with 132 such independent manufacturers that were producing in 277 manufacturing facilities. Adidas maintains long-term relationship with its independent manufacturing partners which is proved by the fact that 61 per cent of its manufacturers have been working with the company for at least ten years and, among them, 30 per cent have tenure of more than 20 years. It is noteworthy that Adidas did not terminate



With five carbon rods in its Lightstrike sole, the adizero adios Pro is adidas' fastest running shoe.

ADIDAS | ADIZERO ADIOS PRO

any relationship even during the COVID-19 pandemic. The company's manufacturing partners produce over 900 million pieces of apparel and other merchandise. Adidas' Global Operations regularly measures and reviews these manufacturers on specific performance criteria. High quality standards are maintained by enforcing strict control and inspection procedures among manufacturing partners and even in Adidas-owned factories. Effectiveness of product-related standards is constantly measured through quality and material claim procedures. In addition, the social and environmental performance criteria of the company's suppliers are also tracked through the compliance and environmental KPI (C-KPI and E-KPI) tracking systems. Adherence to social and environmental standards is promoted throughout the supply chain. Majority (68 per cent) of Adidas' manufacturing partners are located in Asia that produced 97 per cent of total footwear volume, 93 per cent of total apparel volume and 77 per cent of total accessories & gear volume in 2020. Vietnam, Cambodia and China are respectively largest sourcing countries for footwear, apparel and accessories & gear for Adidas.

## DISTRIBUTION

Adidas operates distribution centers in all its markets – 12 in Europe, 22 in Asia-Pacific, 10 in North America, 8 in Latin America, 2 in Russia/CIS, and 10 in Emerging Markets. Overall, the company's global distribution comprises 64 distribution centers, of which 29 are owned and operated by Adidas and the rest by logistics partners. This network enables the company to efficiently and effectively service its global demand allowing for the operational flexibility and agility to service its customers and consumers at its best. To enable a broader range of products to be made available at the point of sale, 17 of its distribution centres are set up to serve all its channels, 38 are specialised to serve its retail and wholesale customers, and nine are solely dedicated to servicing the e-commerce consumers. This diverse combination of distribution centres empowers Adidas to be agile and efficient in distributing its products to the customers and consumers across the globe.

Following a clear strategic framework,



ADIDAS | ADIDAS LONDON FLAGSHIP

Interactive changing room mirrors use RFID technology to recognise products and provide information, with shoppers also able to request different sizes and colours without leaving the space.

TABLE 4

Net sales (In € million)	Channel	Share in
Footwear	Wholesale	59%
Apparel	Own retail	20%
Accessories & Gear	e-commerce	21%
<b>Total</b>	<b>DTC</b>	<b>41%</b>

SOURCE: Adidas

TABLE 5

Store expansion comparison	Q1, FY21	Q1, FY20	Q2, FY21	Q2, FY20	Q3, FY21	Q3, FY20
No. of stores	2,174	2,209	2,181	2,229	2,168	2,246
Concept stores	1,010	1,105	1,002	1,107	993	1,091
Concession corners	110	113	108	113	111	117
Factory Outlets	1,054	991	1,071	1,009	1,064	1,038
<b>Net sales* (In € million)</b>	<b>1,809</b>	<b>1,464</b>	<b>1,904</b>	<b>1,683</b>	<b>2,014</b>	<b>1,927</b>

SOURCE: Adidas; \*Sale of retail channel only

Adidas has further enhanced its distribution centre landscape through process automation, system upgrades, and distribution centre capacity expansion in 2020. These enhancements has enabled the brand to improve its e-commerce service levels and helped in providing more delivery choices with overall broader product availability.

## BUSINESS CHANNELS

Adidas' strong distribution network helps in running its three channels effectively – wholesale, retail and e-commerce. In 2020, the share of Direct-to-Consumer (DTC) business increased significantly to 41 per cent against 33 per cent in 2019, while wholesale accounted for 59 per

cent of total net sales that was 67 per cent in 2019. However, the company is now actively driving the shift from wholesale to DTC channel comprising own-retail and e-commerce sales, as selling directly to the consumer is going to be more beneficial to its top and bottom lines besides acquiring deep consumer insights.

## WHOLESALE

Wholesale is an important channel for Adidas to reach consumers as it authenticates and grows key categories for its business. The channel's main objective is to win market share in critical consumer touchpoints on- and offline, especially in key trade zones and high streets. To do so, Adidas identifies its most important



Adidas opened the very first European Brand Flagship Store on 22 Avenue des Champs-Élysées in Paris in January 2019.

multi-brand and franchise customers and involves them in range and product development to successfully come up with the Adidas products, services, and stories, ensuring a holistic consumer journey.

Adidas invests into digital capabilities of wholesale channel to team up with its partners to win online together. Its Partner Program platform allows its partners to access Adidas product inventory by connecting Adidas' systems to their digital platforms. The Program has been rolled out to new partners and locations as well to help them fill the size gaps at their end. The digital capabilities further allow Adidas to seamlessly float its product images and descriptions into their systems to empower their website and app experience. In 2020, Adidas invested into the development of digital commerce tools such as 'Click' (its self-service B2B platform), 'S.Core' (its sales planning tool) and the 'Digital Showroom'. Consequently, Adidas went from 40 per cent remote and virtual sell-in to over 90 per cent. Click and Digital Showroom have been rolled out in Europe, Latin America and Emerging Markets with the latter improving Adidas 2020 order book. In 2021 too, rolling out of digital commerce tools to North America and Asia-Pacific continued.

## RETAIL

Adidas' retail footprint consists of more

than 2,500 own-retail stores. As of December 2020, Adidas' retail portfolio of 2,456 stores included 1,126 Multi-brand outlets, 1,097 Adidas stores and 233 Reebok stores. In terms of stores by concept type, there were 1,126 Factory outlets, 109 Concession corners and 1,221 Concept stores.

Over the last few years, Adidas has made important investments to sharpen the top of the pyramid of its store fleet and strengthen its retail presence in key cities across its markets. In Europe, for example, it extended its flagship fleet by reopening the first-ever Adidas Originals flagship store in Berlin, equipped with a design concept that promotes the store as the go-to destination for sought-after fashion collections and hyperlocal product launches. A new Adidas Originals flagship store was opened on Carnaby Street in London too. The store is the first-ever gender-neutral store that houses exclusive products and acts as a community space.

Adidas is increasing the number of flagship stores and brand centres with a clear focus on digitalisation, personalisation, and a seamless consumer experience across all touchpoints. At the other end of the scale, the company is solidifying its foundation to shift its factory outlet business from a clearance-focused channel to a commercial engine driving the profitability of the fleet.

Thus, with its fleet of flagship stores now focusing more on premium experiences, concept stores with a more commercial focus and factory outlet stores for the value-seeking consumer, Adidas aims to provide a satisfying environment to all its consumers' needs while they shop Adidas products.

## E-COMMERCE

When the coronavirus impacted the demand in Adidas retail and wholesale channels negatively, its e-commerce channel continued to grow positively. To secure the spiked demand in the channel, Adidas quickly increased its e-commerce distribution centre capacities, scaled and expanded its e-commerce platform and thereby, managed to create business impact and efficiencies. Its 2020 ambition from sales through own e-commerce platforms was increased from up to €4 billion to more than €4 billion by accelerating its digital transformation amidst pandemic-induced store closures. Available inventories were directed to e-commerce, investments into agile digital content studio were made, and the marketing and tech budgets were shifted towards digital. All day-to-day decisions became data-driven with clear focus on consumer insights and trends. To further support its future e-commerce growth, the company is investing into its warehouse

footprint and extensively improving the omni-channel fulfillment capabilities.

### ADIDAS APP

In addition to the Adidas e-commerce platform which is available in over 50 countries, its 'Adidas' app strategy continues to fuel its mobile and member focus and has reached over 40 countries across all major markets, achieving a significant share of business in the Adidas digital ecosystem. The app remains its gateway between online and offline. It provides a premium experience with immersive storytelling, personalised content, frictionless checkout, seamless order tracking, and access to its 'Creators Club' membership programme, offering points from interactions across all its touchpoints – .com, apps, and retail stores. The programme climbs up different levels and unlocks rewards. Adidas is the only sports brand that rewards both physical and purchasing activity through membership points. The success of its Creators Club programme is visible in key metrics such as increased consumer satisfaction as well as more than twice as high consumer lifetime value compared to non-members. In addition to the growth of existing touchpoints, Adidas launched the Confirmed app in August 2020 as its new, most premium channel for sneakerheads and style in the US and expanded it to China in October the same year.

### ADIDAS APPAREL

Apparel contributes around 39 per cent to Adidas' total revenue and has registered the highest growth of 25.7 per cent among all categories in 2021 on cumulative 9-month (Jan-Sep) comparison with 2020.

Although footwear is the dominating category with Adidas since its inception, the apparel has grown strongly over the past two decades. Apparel category began new millennium closely following footwear sales, actually managed to edge it out marginally in 2009 (footwear: €4,642 million; apparel: €4,663 million), before the gap between the categories began widening 2014 onwards. Overall, apparel category sales have grown at a CAGR of 7 per cent between 2002 and 2020, almost matching footwear sales' CAGR of 7.9 per cent.

### APPAREL PRODUCTION

Adidas' product manufacturing

concentrates in Asia. While Cambodia leads with 22 per cent share in the produced apparel volume, Vietnam (21 per cent) and China (20 per cent) follow it closely. In 2020, 465 million units of apparel were produced by Adidas' manufacturing partners with the largest apparel factory in China alone producing approximately 11 per cent of this apparel volume. Indonesia (10 per cent share) and Pakistan (9 per cent share) are other two countries that produce high apparel volumes for Adidas. The brand's recent apparel production volumes have been 382 million units (MU), 404 MU, 457 MU, 528 MU and 465 MU in 2016, 2017, 2018, 2019 and 2020, respectively.

### APPAREL TECHNOLOGIES

Adidas has evolved into a powerhouse in sports fashion driven by cutting-edge technologies which the brand finds ways to include in its clothing every season, making its apparel famous for its style as well as performance qualities. For instance, Adidas designs performance apparel to meet specific environment demands of the sporting athletes using 'Body' mapping technology which identifies different heat and moisture releasing zones based on athlete's gender, body type and weather conditions. Similarly, its Clima 365 range, using same technology, keeps the athlete's body dry, comfortable and performing at the optimal body temperature throughout the year irrespective of the outside condition. Parley Ocean Plastics is another technology used in Adidas Parley apparel range that converts recycled plastic waste of coastal areas into environment-friendly tennis clothing. Adidas has also developed UPF protection technology to protect the body from sun heat on hot temperature days, adding it to many shirts, jackets, hats, shorts, etc with varying UV ray coverage. More recently introduced READY technology uses a smart layering system that allows athletes to build modular sports' outfits addressing seasonal needs besides aiding maximum movement, comfort and ventilation.

### SUSTAINABLE MATERIAL

Sustainability remains a vital cog in the brand's strategy 'Own the Game' with a clear roadmap for 2025 and beyond. Adidas has been sourcing 100 per cent



sustainable cotton since 2018. It's 'The Better Cotton' initiative now aims to reduce the use of pesticides, promotes efficient water use, crop rotation and fair working conditions. Additionally, it strives to transform cotton production worldwide by developing 'Better Cotton' as a sustainable mainstream commodity. At the same time it handles its synthetic materials in more responsible manner. One such manner is the use of more recycled polyester to improve environmental footprint while making high-performance products for the athletes. Polyester is the most common single-used material in Adidas' products and by 2024 it aims to replace all virgin polyester with recycled polyester in all products where a solution exists. The clear internal milestones are set for the product creation teams and related progress is constantly monitored. As a result, by 2020 itself, 71 per cent of all polyester used for its apparel and footwear ranges ended up being recycled polyester, keeping it ahead in its plan to use only recycled polyester from 2024 onwards.

### LOOKING AHEAD

Adidas is ready for future and looks determined to achieve the set goals. The company is digitally transforming and plans to invest more than €1 billion until 2025 aiming to digitalise core processes across the entire value chain – from the creation process with 3D design capabilities, via the sourcing of its products to selling it to customers and consumers. By 2025, the vast majority of Adidas' sales will be generated with products that will be created and sold digitally. To achieve this, the company will expand its data and technology expertise internally and increase the size of its technology team. The work in this regard has already commenced in 2021. **FF**